



June 12, 2013

Item No. 8

**AUTHORIZATION TO EXERCISE THIRD AND FINAL YEAR OF CONTRACT NO. 9042 WITH CANNON COCHRAN MANAGEMENT SERVICES, INC. FOR THIRD PARTY ADMINISTRATOR SERVICES**

**To the Honorable Board of Commissioners:**

**RECOMMENDATION**

It is recommended that the Board of Commissioners ("Board") authorize the Chief Executive Officer or his designee to exercise the third and final option year of Contract No. 9042 ("Contract") with Cannon Cochran Management Services, Inc. ("CCMSI") and to increase the Contract's not to exceed funding amount by \$220,000 adding it to the carryover balance available at the end of the current Contract term.

The Executive Vice President ("EVP") of Development, the Office of the General Counsel and the Department of Procurement and Contracts have completed all necessary due diligence to support the submission of this initiative and recommend the approval of this item accordingly.

**PLAN FORWARD GOAL**

Ensure that CHA's housing portfolio is safe, decent and sustainable.

**FUNDING**

CHA General Fund

**SOLICITATION SUMMARY**

**Vendor:** CCMSI  
114 S. Racine Ave., 2<sup>nd</sup> floor  
Chicago, IL 60607

<b>Contract Type:</b>	Professional Service
<b>Base Contract Term:</b>	July 1, 2009 through June 30, 2011
<b>Option Year No. 1</b>	7/1/2011 – 06/30/2012
<b>Option Year No. 2</b>	7/1/2012 – 06/30/2013
<b>Option Year No. 3</b>	7/1/2013 – 06/30/2014
<b>Original Contract Amount:</b>	\$483, 476
<b>Amendment No. 1 Funding Increase:</b>	\$0
<b>Amendment No. 2 Funding Increase:</b>	\$0
<b>Amendment No. 3 Funding Increase:</b>	\$80,000
<b>Amendment No. 4 Funding Increase:</b>	\$220,000
<b>New Contract NTE Amount:</b>	\$783,476

**M/W/DBE Participation**

Required: 20%      Committed: 20%

**Section 3 Business Concern:**

Required: 3%      Committed: 3.47%

**Section 3 Hiring**

Required: 0

**GENERAL BACKGROUND /EXPLANATION**

On May 13, 2009, the Board, pursuant to a competitive procurement, authorized the CHA to enter into a contract with CCMSI for a 2-year term with three (3) 1-year options to provide TPA claim services. Subsequently, CHA's Contracting Officer authorized Amendment No. 1 and Amendment No. 2 to exercise Option Years #1 and #2, as no additional funding was required. The Contracting Officer recently authorized Amendment No. 3 to add \$80,000 in additional funding for the balance of the second option term, which expires June 30, 2013.

Commercial insurance coverage is generally sold without claims services, or 'unbundled', which allows the entity to be flexible with insurer choices while maintaining consistent claim handling, especially in its self-insured layer. Therefore, the Authority has been contracting with a TPA to provide claim services for both the Authority and the Private Managers Insurance Program ("PMIP") since 2003. The TPA is required to manage all of the Authority's claims, including Workers' Compensation, First Party Property, General Liability, Auto, Employment Practices and Public Officials Liability, along with General Liability and runoff Workers' Compensation claims under the PMIP.

During the term of the current Contract, CCMSI has provided satisfactory and consistent claim services, which include a comprehensive claim and management reporting system, payment of all claim costs, investigation and determination of liability and coverage, thereby assisting the Authority in analyzing its risk and associated costs. Since the contract inception, they have processed approximately 2200 claims, and are currently managing nearly 200 open claims of all types.

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority board policies and all applicable federal (HUD) procurement laws.

The EVP of Finance concurs with the recommendation to exercise the third and final option year of the Contract with CCMSI for \$220,000.

The CEO/President recommends the approval to exercise the third and final option year of Contract Number 9042 with Cannon Cochran Management Services, Inc. for Third Party Administrator Services.

**RESOLUTION NO. 2013-CHA-45**

**WHEREAS,** the Board of Commissioners has reviewed the Board Letter dated June 12, 2013 entitled "AUTHORIZATION TO EXERCISE THIRD AND FINAL YEAR OF CONTRACT NO. 9042 WITH CANNON COCHRAN MANAGEMENT SERVICES, INC. FOR THIRD PARTY ADMINISTRATOR SERVICES".

**THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY**

**THAT** the Board of Commissioners authorizes the Chief Executive Officer or his designee to exercise the third and final option year of the Contract No. 9042 ("Contract") with Cannon Cochran Management Services, Inc., to provide third party administrator services and to increase the Contract's funding by an amount not-to-exceed of \$220,000 adding it to the carryover balance available at the end of the current Contract term..

This award is subject to the Contractor's compliance with the CHA's MBE/WBE/DBE, Section 3 resident hiring, and insurance requirements.



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[www.thecha.org](http://www.thecha.org)